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Media Release for the Community Foundation for the Twin Tiers
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For Immediate Release

Extension of New Pension Law Provisions Provides for Charity

Provision Allows for Tax-free Charitable Transfers from IRAs

The Pension Protection Act of 2006 (PPA) permitted individuals to roll over up to \$100,000 from an individual retirement account (IRA) directly to a qualifying charity without recognizing the assets transferred to the qualifying charity as income. On October 3, 2008, President Bush signed a bill (H.R. 1424) into law which extended the IRA charitable rollover provision through December 31, 2009. Note that the new law only changes the termination date of the provision. No changes were made to the substance of the rules for qualified charitable contributions from IRAs.

A qualified charitable distribution is a distribution to an eligible charitable organization from a traditional IRA of an individual who is 70 ½ or older. An individual may exclude up to \$100,000 from his/her gross income for each tax year for qualified charitable distributions from IRAs.

This could be a boon to local philanthropy. “It is a wonderful win-win—for people who would rather give to charity than pay taxes—and the nonprofit organizations they choose to support,” said Marilyn A. Bok, Community Foundation for the Twin Tiers (CFTT) Board Chair.

Distributions to almost all types of funds typically held by community foundations — such as scholarship, field-of-interest, unrestricted and designated funds — qualify. The exception to this general statement is that a distribution to a donor-advised fund will not qualify for this special treatment.

“For larger estates, a good portion of IRA wealth goes to estate taxes and income taxes of beneficiaries,” Bok said. “Experts estimate heirs will receive less than 25% of most IRA assets that pass through estates.” Now there is a new option: transferring IRA assets directly to charity. By going directly to charity, the money is not included in the IRA owner’s income and—most importantly—is not taxed, preserving the full amount for charitable purposes. The law covers all gifts made this year and next.

“This really is a limited-time offer: the window is open now, but it will close in 2009 unless Congress extends it,” said Bok. “For anyone interested in establishing a permanent legacy in this community, this is the opportunity of a lifetime to make the gift of a lifetime. Through philanthropic services, strategic investments and community leadership, the CFTT helps people support the causes they care about, now and for generations to come.”

The CFTT is a non-profit public charity established in 2002 by a diverse group of local leaders and residents. The Foundation encourages community philanthropy to enhance the quality of life for those who reside in Bradford, Sullivan and Tioga Counties in Pennsylvania and Tioga County in New York State. It establishes endowment funds for charitable purposes from contributions of citizens, corporations, other foundations, organizations and government agencies. As the endowment funds grow, it uses the income earned on these funds to make grants to organizations or projects that serve identified community needs.

If you have an interest in learning more about the CFTT or in establishing a fund, you can contact the organization by any of these methods: telephone - 570-888-4759; fax - 570-888-2179; email - cftt@stny.rr.com ; or visit the website - www.twintierescf.org .